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TAGS: [PGOV](#) [PTER](#) [NP](#)
SUBJECT: MONITORING COMMITTEE CONTINUES TO TAKE SHAPE WHILE
MAOISTS REMAIN ACTIVE

REF: A. KATHMANDU 1576

- [1](#)B. KATHMANDU 1373
- [1](#)C. 05 KATHMANDU 2556
- [1](#)D. KATHMANDU 1694

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b/d).

SUMMARY

[1](#)1. (C) The work of the Ceasefire Code of Conduct National Monitoring Committee is proceeding at a far slower pace than it took to reach the eight-point agreement (ref A) that created it. Members of the monitoring committee explained to us that the committee was busy developing its working framework and forming subcommittees. Despite the wide-spread recognition of the importance of monitoring, one member opined it would be two to three weeks before the committee started actual monitoring work. Prachanda stated that violations of the Code of Conduct such as extortion and parallel governments were needed as a "bargaining card." Meanwhile, leading industrialists report that extortion in the capital has spiked recently and that the cost of transport is 50 percent higher due to Maoist interference with transportation companies. End Summary.

MONITORING COMMITTEE STILL TAKING SHAPE...

[1](#)2. (C) Members of the Ceasefire Code of Conduct National Monitoring Committee told us the committee continued to develop the framework necessary for it to commence actual monitoring work. Christian religious leader Dr. K.B. Rokaya noted that the monitoring committee would work on the basis of the 25-point Code of Conduct (ref B), the 12-point understanding (ref C), and the 8-point agreement. He said that the monitoring committee was in the process of forming three sub-committees to focus on logistics support, working procedures, and developing a working framework respectively. Civil society leader Malla Sundar explained that the working framework would determine how the committee could move forward and do its work. Subodh Pyakurel, President of the Informal Sector Service Center (INSEC) and also a monitor, speculated that it would take two-to-three weeks for the committee to begin its monitoring work.

...ALL NOMINEES NOT PARTICIPATING

13. (C) While the GON nominated 31 people to the monitoring committee, all the members are not participating. Stressing that he had not attended any monitoring committee meetings although he was a nominee, Former Ambassador to Sri Lanka Nilambar Acharya commented that working on the monitoring committee was "not a matter of accepting or rejecting the government's nomination, but a question of having time to attend the meetings." INSEC's Pyakurel explained that he had changed his mind and agreed to participate on the monitoring committee only after GON leaders agreed to add a line to the monitoring committee's terms of reference (TOR) (ref D) stating that monitoring would be done in accordance with international humanitarian law. He explained that two of the Government of Nepal's (GON) negotiators, Home Minister Krishna Prasad Sitaula and Minister of Culture and Tourism Pramod Gyawali, had personally requested that he join the monitoring committee and had accepted his condition. Rokaya mentioned that the monitoring committee was "not in the mood" to add any new members at this time.

NO CLEAR ROLE FOR OHCHR

14. (C) The monitoring committee has yet to formalize a role for the United Nations Office of the High Commissioner for Human Rights (OHCHR) in the monitoring process. INSEC's Pyakurel noted that he was planning to request that OHCHR help him train all the members of the monitoring committee on international humanitarian law using a training manual he was currently putting together. He stressed how important it was for all the monitoring committee members to have an understanding of law surrounding human rights to effectively

do their job. Rokaya noted that the 25-point Code of Conduct allowed for the monitoring committee to approach OHCHR, and that the monitoring committee planned to contact OHCHR only about human rights issues.

DEUBA: NEPALIS UNABLE TO MONITOR WEAPONS

15. (C) Indian Ambassador Shiv Shanker Mukherjee told the Ambassador on June 30 that Nepali Congress-Democratic (NC-D) leader Sher Bahadur Deuba had expressed concern about the possibility of any group of Nepalis being adequately able to monitor compliance with the Code of Conduct by the Maoists. Deuba had commented that Nepalis would be "scared to death" of Maoists and unable to do so. Mukherjee stressed that it was still important to make the monitoring committee as effective as possible. He noted to the Ambassador that the Government of India (GOI) was not saying the GON could not seek international advice and technical assistance.

MAOISTS CONTINUE TO VIOLATE THE CODE OF CONDUCT...

16. (C) While the monitoring committee's taking shape, the Maoists continue activities in violation of the Code of Conduct. Businessmen Vijay Shah told us that Maoists were making a big push for extortion payments in Kathmandu. Maoists knew this was the time of year companies had funds available to settle their bank loans and pay government taxes; the Maoists wanted to get some of that money before the monitoring committee started its work. Narendra Basnet, Vice-President of the Confederation of Nepalese Industries (CNI) said a fresh extortion drive had started in the capital and businessmen were being asked for the equivalent of USD 41,000 to 55,000. Industrialist Rajendra Khetan told Emboff that around the country Maoist-affiliated trade-unions were pushing for full-time employment for temporary workers and causing many factories to close, including his Gorkha Brewery. Shah said there were about 50-60 factories closed in the southern Industrial city of Birgunj due to extortion threats.

¶7. (C) In addition to extortion, Maoists are trying to accumulate money in other ways. Industrialist Basanta Chaudhary said that the cost of transporting goods had increased 50 percent due to a Maoist "transportation syndicate." He explained that Maoists were forcing all transportation companies to register the companies with their syndicate for the right to use Nepal's highways; had to pay a "levy" to join. According to press reports, on June 28 in northern Dolakha District, Maoists ordered all Village District Committee (VDC) Secretaries to deposit ten percent of each VDC's budget for the fiscal year to the Maoist district office by July 2.

¶8. (SBU) Maoists have also abducted two more individuals. On June 29, Maoists abducted Pokharavanda VDC Secretary Dhruba Prasad Shah from eastern Siraha District. In addition, apparently retaliating against the killing of two Maoists by an anti-Maoist vigilante group on June 28, Maoists abducted Satish Chandra Shukla of Hathihawa VDC of southwestern Kapilvastu District on June 29.

...BECAUSE PRACHANDA NEEDS A BARGAINING CARD

¶9. (U) In response to ongoing Maoist activities, Prachanda told reporters that issues of People's Courts, parallel governments, and the display of arms by the PLA would be settled once the interim government was in place. He admitted local level cadre had committed "some mistakes," but said "if we give up our stand on these issues, there will be no bargaining card left with us."

COMMENT

¶10. (C) The need of the day is to get the monitoring committee up and running effectively. The international community should do all it can to support this effort and to strengthen the resolve of the committee's members.

MORIARTY